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Statement

Nationwide Financial, an Insurance Company serving the needs of Connecticut citizens

Insurance Committee

March 8, 2016

**HB 5051, AN ACT ADOPTING NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' INTERSTATE
INSURANCE
PRODUCT REGULATION COMPACT**

I am Eric Henderson, Senior Vice President in charge of life insurance, long term care and annuity product development for Nationwide Financial of Columbus Ohio. Nationwide is proud of its commitment to Connecticut where we have over 100 associates, over 24,000 policies and contracts and over \$1.7 billion in assets under management by our financial services company.

Nationwide Financial Supports HB 5051, AN ACT REQUIRING THE INSURANCE COMMISSIONER TO STUDY AND REPORT ON THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.

Prior to the creation of the Interstate Compact (the "Compact"), life insurance, annuity, disability income, and long-term care insurance products had to be approved by each state before they could be marketed and sold. There were divergent standards established for the structure of these products among the states, so insurance policies had to be revised based on each state's particular standards before they could be approved. The task is often very expensive and, most importantly, time-consuming for insurance companies. Compared with our competitors in the financial services marketplace who are federally regulated, insurers are disadvantaged because of the slower pace of insurance product approval (it can take up to 18 months or more to get approvals).

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The adoption of the Compact would enhance state regulation of insurance in Connecticut by use of a Commission overseen collectively by the participating states that serves as a single point of filing for those products, and that establishes uniform national standards for them. Connecticut may also participate in the development and approval of such standards.

Consumers will benefit from strong, uniform national product standards, which are especially important given our increasingly mobile population. The quality of product review will be maintained or enhanced, as experienced staff will review the filings, thereby enabling state regulators to devote more time and resources to monitoring and correcting problems in the marketplace. Speed to market will improve and the public will have more timely access to innovative insurance products. In addition, the General Assembly retains oversight over the process through mechanisms for opting out of the standards, review of the standards prior to adoption and the ability to repeal the Compact. Connecticut retains its authority to regulate market practices and take enforcement actions as necessary. The Insurance Department and Attorney General retains authority to monitor insurers' activities and punish violators.

The Compact has been endorsed by several state legislative groups, including the National Conference of State Legislators (NCSL) and the National Conference of Insurance Legislators (NCOIL). To date, 43 states and Puerto Rico have adopted the Compact, including the rest of New England.

The Compact has been in place for nearly a decade. The Interstate Insurance Product Regulation Commission (the "Commission") has adopted over ninety uniform standards (see www.insurancecompact.org) in individual and group life, and individual annuity, long-term care and disability income product lines. The Commission began accepting filings for review in September of 2007 and has approved thousands of filings to date.

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Until Connecticut adopts the Compact, consumers in the state will not get the benefit of speed to market (heightened competition, availability of innovative products) enjoyed by the vast majority of Americans. Insurers will continue to be at a competitive disadvantage in the state's financial services market.

There is a real need for a streamlined and efficient regulatory process for life insurance company product filings. The products covered by the Compact (life insurance, annuities, disability insurance and LTC insurance) are purchased as "lifetime" coverages that policyholders often retain for decades, even while they move from state to state. These products are sold by insurers that do business across the country. Thus, these products are particularly suited to being regulated by cooperative action among the states. National product standards and a single point of filing for life insurance products would benefit all interested parties – consumers, insurers, and government alike.

Nationwide urges passage of HB 5051. Thank you for the opportunity to present Nationwide Financial's viewpoint.